



**DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221**

IN REPLY
REFER TO

AQOC

SEP 23 1997

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS**

**SUBJECT: DCMC Memorandum No.97-056 Implementation of Statutory Requirement
for Payment by Electronic Funds Transfer (EFT) (INFORMATION)**

This is an INFORMATION memorandum. It expires when content is included in DLAD 5000.4, Contract Management, not to exceed one year. Target Audience: All DCMC Administrative Contracting Officers (ACOs), and Contract Administrators.

The Director, Defense Procurement (DDP) memorandum dated July 1, 1997, subject as above, (attached) summarizes existing EFT guidance beginning with a DDP memorandum dated July 25, 1996, (forwarded to Contract Administration Offices by DCMC Information memorandum 96-59). Further, the memorandum requires contracting activities to include an EFT provision in all new solicitations and contract awards. The DDP memorandum advises that, since all Defense Finance and Accounting Service (DFAS) payment offices are now EFT capable, contracts received by DFAS after October 1, 1997 that do not include one of the EFT clauses prescribed by the Federal Acquisition Regulation (FAR) will be returned to the contracting activity, unless the contract qualifies for one of the exceptions identified in FAR 32.1101(d).

DFAS intends to notify contractors which have not provided EFT information and advise them that they must provide that information. After notification, DFAS will return invoices when EFT information is required but has not been provided. This DFAS policy could seriously impact cash flow of non-EFT contractors, when EFT is required. Contract administration personnel are advised to assist DFAS, when requested, in contacting contractors to obtain EFT information, and to utilize post award orientation to alert contractors of the likelihood of payment delays in the event that EFT information is not provided.

Questions regarding this matter should be referred to Timothy J. Frank, AQOC, telephone (703) 767-3431, email tim_frank@hq.dla.mil.

J. Barry Hopper, Col USAF
for JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachment





OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON DC 20301-3000

ACQUISITION AND
TECHNOLOGY

July 1, 1997

DP/CPF

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RD&A)ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
ASSISTANT DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)/DIRECTOR OF CONTRACTING
DEPUTY DIRECTOR (ACQUISITION), DEFENSE
LOGISTICS AGENCY

SUBJECT: Implementation of Statutory Requirement for Payment By
Electronic Funds Transfer

My letter of July 25, 1996, advised of the requirement of the Debt Collection Improvement Act of 1996 for mandatory use of electronic funds transfer (EFT) to make payments under most new contracts resulting from solicitations issued on or after July 26, 1996. I further advised that contracting officers should immediately begin including the clause at FAR 52.232-28, Electronic Funds Transfer Payment Methods, in all solicitations issued on or after July 26, 1996. I indicated that absence of contract terms providing for EFT will not waive the statutory requirement for EFT payments.

An interim FAR rule was published in the Federal Register on August 29, 1996, that provided two clauses, FAR 52.232-33, Mandatory Information for Electronic Funds Transfer Payment, and FAR 52.232-34, Optional Information for Electronic Funds Transfer Payment, to implement the statutory EFT requirement. They replace FAR 52.232-28. DoD contracts should have been including FAR 52.232-33 since August 29, 1996 except when the contract payment office was not EFT capable, in which case the clause at FAR 52.232-34 is used.


Defense Finance Accounting Service (DFAS) advises that many contracts are still being issued without an EFT provision, or with the now-obsolete FAR 52.232-28. All contracting activities must include an EFT provision in new solicitations and contract awards. DFAS advises that all its paying offices are now EFT-capable, so FAR 52.232-33 should be used in all contracts disbursed by DFAS, unless the contract qualifies for one of the



specific, limited exceptions to use of EFT identified in FAR 32.1101(d). Unless an exception applies, contracts received by DFAS after October 1, 1997, that do not include the EFT provision at FAR 52.232-33 will be returned to the contracting activity.

DFAS intends to contact by letter all contractors that have not provided EFT information, either because of non-compliance with an EFT provision in the contract, because provision of EFT information has heretofore been optional, or where an EFT provision required by statute has been omitted from the contract. DFAS will advise the affected contractors that, since the government has elected to use EFT, they must provide EFT information. After this notification process is complete, DFAS will return invoices when EFT information is required but has not been provided.

DFAS will invite those remaining contractors whose contracts predate the mandatory EFT requirement to convert voluntarily to EFT as soon as possible. This will help facilitate the eventual mandatory conversion to EFT by the January 1, 1999, statutory deadline. To assist in this effort, DFAS asks the cooperation of contracting offices to provide promptly current contractor mailing addresses when DFAS requests them.

A handwritten signature in black ink, reading "Eleanor Spector". The signature is fluid and cursive, with the first name "Eleanor" and the last name "Spector" clearly distinguishable.

Eleanor R. Spector
Director of Defense Procurement